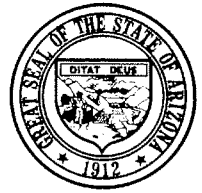


**ARIZONA DEPARTMENT OF WATER RESOURCES**  
**Office of Assured and Adequate Water Supply**  
3550 North Central Avenue, Phoenix, Arizona 85012  
Telephone 602 771-8500  
Fax 602 771-8689



Janet Napolitano  
Governor

Herbert R. Guenther  
Director

May 7, 2008

Mr. Roy Tanney  
Arizona Department of Real Estate  
2910 N. 44th Street  
Phoenix, Arizona 85018

**Water Report #53-700510.0000**  
**Subdivision Name:** Forest Canyon Estates  
**Owner:** Forrest Canyon Estates LLC,  
an Arizona limited liability company  
**Number of lots:** 70  
**County:** Coconino  
Township 22 North, Range 2 East, Section 32

**Water provided by:** City of Williams  
**Water Type:** Groundwater  
**Current water depth:** No Information Provided  
**Estimated 100-year depth:** No Information Provided  
**Current decline rate:** No Information Provided  
**Basin:** Coconino Plateau

Dear Mr. Tanney:

Pursuant to A.R.S. § 45-108, the Department of Water Resources has reviewed the available information pertaining to the water supply for the above-referenced subdivision. This letter constitutes the Department's report on the subdivisions water supply as required by A.R.S. § 45-108(A).

Adequacy of the 100-year water supply was reviewed by the Department with regard to physical, legal and continuous availability, water quality, and financial capability. No information has been provided to the Department that indicates that the applicant has satisfied the adequate water supply requirements as set forth in A.A.C. R12-15-701 *et seq.* Therefore, the Department of Water Resources finds the water supply to be inadequate to meet the subdivision's projected needs.

Pursuant to A.R.S. §32-2181(F) a summary of the Department's report for those with an inadequate water supply be included in all promotional material and contracts for sale of lots in the subdivisions. We suggest the following synopsis:

**"Forest Canyon Estates subdivision is being served groundwater by City of Williams. The developer has chosen not to demonstrate a 100-year adequate water supply. The applicant has not demonstrated that the criteria for physical, legal and continuous availability, water quality, and financial capability have been met. Therefore the Department must find the water supply to be inadequate. For additional information please contact Rosemary Lopez, of the Office of Assured and Adequate Water Supply at (602) 771-8625."**

The developer, pursuant to A.R.S. §32-2181(F), may suggest a different summary of this report, but it must contain the above elements and/or the Department's findings.

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Water Report  
Forest Canyon Estates subdivision

This letter is being forwarded to your office as required by A.R.S. § 45-108. This law requires the developer to hold the recordation of the subdivision's plat until receipt of the Department's report on the subdivision's water supply. By copy of this report, the Coconino County Recorder is being officially notified of the developer's compliance with the law.

Sincerely,

A handwritten signature in black ink, appearing to read "Sandra Fabritz-Whitney". The signature is fluid and cursive, with the first name "Sandra" being the most prominent.

Sandra Fabritz-Whitney  
Assistant Director  
Water Management Division

cc: Coconino County Planning and Zoning  
Coconino County Recorder  
John L Carr, Shephard-Wesnitzer, Inc.  
Rosemary Lopez, Office of Assured and Adequate Water Supply